

SPECIAL NOTICE

June 27, 2002

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Sales of Explosives

This Special Notice is provided to clarify the tax treatment of sales of explosives. In many cases, persons extracting (mining, quarrying, or crushing) rocks or minerals use explosives in such operations. In some cases, these same persons engage in manufacturing. The question that has arisen is whether explosives qualify for the tax exemption for manufacturing machinery and equipment.

Regardless of whether persons extracting also engage in manufacturing, explosives used in such operations are not eligible for the exemption provided in RCW 82.08.02565 and RCW 82.12.02565. Therefore, sellers of explosives must collect sales tax on such sales and **may not** accept a *Manufacturer's Sales and Use Tax Exemption Certificates* from such persons.

For additional information and guidelines on machinery and equipment that qualify for the *Manufacturer's Sales and Use Tax Exemption Certificate*, refer to Washington Administrative Code (WAC) 458-20-13601.

For further information on at what point a person who engaged in extracting activity crosses over to a manufacturing activity, refer to WAC 458-20-135.

If you need assistance or have questions, please contact the Telephone Information Center at 1-800-647-7706.

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